

Message Text

SECRET

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ORIGIN PM-09

INFO OCT-01 ADP-00 EA-11 SS-15 INR-10 RSC-01 /047 R

DRAFTED BY PM/ PA: PLWIELAND: ML

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APPROVED BY PM: TRPICKERING

PM/ PA: MR. FORD

EA/ ROC: MR. MOYLE

PM/ MAS: MR. COONY

EA: MR SNEIDER

T: MR. LEWIS

S/ S - MR. ELIOT

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P 140058 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY TAIPEI PRIORITY

S E C R E T STATE 070177

STADIS //////////////////////////////////////

E. O. 11652: GDS

TAGS: MASS, TW

SUBJECT: REIMBURSEMENT FOR F-5 A SPARES PROVIDED BY ROC TO
RVN

FOR THE AMBASSADOR FROM EA DEPUTY ASSISTANT SECRETARY
SNEIDER AND PM DEPUTY DIRECTOR PICKERING

REF: TAIPEI 2071

1. WE UNDERSTAND YOUR INTEREST AND CONCERN IN THIS MATTER.
HOWEVER, DEPARTMENT TENDS TO SUPPORT DOD POSITION THAT
FURTHER REIMBURSEMENT TO GRC IS UNNECESSARY FOR F-5 A SPARES
AND AGE THEY PROVIDED FOR VIETNAM. GRC SPIRIT OF COOPERA-
TION IN THIS ENTIRE MATTER WAS OF COURSE GREATLY APPRECI-
ATED, BUT WE BELIEVE THAT THE USG RESPONSE REFLECTED THIS
APPRECIATION TO THE FULLEST EXTENT.

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2. IT IS DIFFICULT TO AVOID A TENDENCY TOWARD THE " COUNT-
ING- HOUSE" TONE WHEN ONE COMPARES THE EQUIPMENT FURNISHED
BY THE GRC WITH WHAT WE IN TURN PROVIDED. AND WHILE IT IS
IMPOSSIBLE TO PIN A PRICE TAG ON THE HIGHLY COOPERATIVE WAY
THE GRC HANDLED ENHANCE PLUS, THEY OBVIOUSLY WILL COME OUT
FAR AHEAD. AS YOU ARE AWARE, THEIR DEFENSES DID NOT SUFFER
AT ALL WHEN THEY TRANSFERRED THE 48 F-5 AS, SINCE THE US
QUICKLY DEPLOYED TWO USAF F-4 SQUADRONS TO TAIWAN. THEIR
PILOT TRAINING NEEDS WERE MET BY OUR PROVISION OF 28 T-38
AIRCRAFT FOR 30 MONTHS.

3. THE ENTIRE 48 F-5 AS PROVIDED BY THE GRC HAD AN
APPROXIMATE VALUE OF 12.3 MILLION US DOLS. EVEN IF WE
THEN ADD THE EXTRA 4.8 MILLION US DOLS CLAIMED BY THE GRC
FOR THE SUBJECT SPARE PARTS AND SUPPORT EQUIPMENT, THE
TOTAL US OBLIGATION IN MONETARY TERMS WOULD BE SLIGHTLY
OVER 17 MILLION US DOLS. OUR REPAYMENT OF 45.9 MILLION US
DOLS IN THE FORM OF 28 NEW F-5 ES, PLUS FMS CREDITS OF MORE
THAN 170 MILLION US DOLS FOR THE GRC F-5 E CO- ASSEMBLY/ CO-
PRODUCTION PROGRAM, WAS EXTREMELY GENEROUS, ESPECIALLY
SINCE WE PLAN ON RETURNING 20 F-5 AS AND WHEN WE CONSIDER
THE OTHER US COSTS VIS- A- VIS THE GRC.

4. FINALLY, WE ARE CONFRONTED BY THE FACT THAT SECURITY
ASSISTANCE FUNDS ARE VERY TIGHT, AND EVEN THE ALLOCATION
OF AN ADDITIONAL 4.8 MILLION US DOLS AS REQUESTED BY THE
GRC IS JUST NOT POSSIBLE.

5. WE DO NOT WANT TO JEOPARDIZE OUR RELATIONS WITH THE
GRC OVER A RELATIVELY SMALL AMOUNT OF MONEY, AND IF WE
HAVE AN OUTSTANDING OBLIGATION WE FEEL IT SHOULD BE FUL-
FILLED. HOWEVER, WE DO NOT HAVE RECORD OF ANY US COMMIT-
MENT, IMPLIED OR OTHERWISE, TO PROVIDE ADDITIONAL PAYBACK
FOR " EXTRA" SPARES AND AGE. ANY DETAILS COUNTRY TEAM CAN
FURNISH WOULD BE APPRECIATED. WE FEEL, HOWEVER, THAT SIZE
OF US PAYBACK DESCRIBED ABOVE HAS TO BE TAKEN INTO ACCOUNT
AND MAY NOT BE FULLY REALIZED BY GRC OFFICIALS. ROGERS

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*** Current Classification *** SECRET

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